

**City of Philadelphia**  
**Economic Opportunity Plan**

**Gallery Redevelopment Project**

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## **I. Introduction and Definitions**

The City of Philadelphia strongly encourages the use of certified Minority ("MBE"), Women ("WBE"), Disabled ("DSBE") and Disadvantaged<sup>1</sup> ("DBEs") Business Enterprises (collectively, "M/W/DSBEs") and minority and female workers in all aspects of **GALLERY REDEVELOPMENT PROJECT** located between **8th Street, 11th Street, Filbert Street, and Market Street** which may include financial investment, design, construction and operations. In support of this objective, the City of Philadelphia will require that **Pennsylvania Real Estate Investment Trust - PREIT** (the "Owner") of the Project commit to this Economic Opportunity Plan ("EOP" or "Plan"). This Plan contains ranges of projected M/W/DSBE utilization and goals for the employment of minority and female workers in connection with the Project at the Site. This Plan shall be a part of and incorporated into the resulting agreement(s) with the owners of the **GALLERY REDEVELOPMENT PROJECT**.

The Owner hereby verifies that all information submitted to the Office of Economic Opportunity ("OEO") in response to this Plan, is true and correct and take notice that the submission of false information is subject to the penalties of 18 PA C. S. Section 4904, relating to unsworn falsification to authorities and 18 PA C. S. Section 4107.2 (a)(4), relating to fraud in connection with minority business enterprises or women's business enterprises.

For the purposes of this Plan, MBE, WBE, DBE and DSBE shall refer to certified businesses so recognized by OEO. Only the work or supply effort of firms that are certified as M/W/DSBEs by an OEO approved certifying agency<sup>2</sup> will be eligible to receive credit as a Best and Good Faith Effort. In order to be counted, certified firms must successfully complete and submit to the OEO an application to be included in the OEO Registry which is a list of registered M/W/DSBEs maintained by the OEO and available online at [www.phila.gov/oEO/directory](http://www.phila.gov/oEO/directory).

For this Plan, the term "Best and Good Faith Efforts," the sufficiency of which shall be in the sole determination of the City, means: efforts, the scope, intensity and appropriateness of which are designed and performed to foster meaningful and representative opportunities for participation by M/W/DSBEs and an appropriately diverse workforce and to achieve the objectives herein stated. Best and Good Faith Efforts are rebuttably presumed met when commitments are made within the M/W/DSBE participation ranges established for the improvements and a commitment is made to employ a diverse workforce as enumerated herein.

## **II. Project Scope.**

The Project includes redevelopment of substantial portions of the Gallery, 801 Market Street and 907 Market Street. Features include, but are not limited to:

- Common area improvements
- New retail space construction
- New street level openings on Market Street for retail use
- New restaurants inside the Gallery and along Market Street

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<sup>1</sup> Disadvantaged Business Enterprises ("DBEs") are those socially or economically disadvantaged minority and woman owned businesses certified under 49 C.F.R. Part 26.

<sup>2</sup> A list of "OEO approved certifying agencies" can be found at [www.phila.gov/oEO](http://www.phila.gov/oEO)

- New gateway façade and landmark identification at 10<sup>th</sup> & Market
- Installation of a food market at former Strawbridge’s site at 801 Market Street

### III. Goals.

#### A. M/W/DSBE Participation Ranges.

As a benchmark for the expression of "Best and Good Faith Efforts" to provide meaningful and representative opportunities for M/W/DSBEs in the Project, the following participation ranges have been established. These participation ranges represent, in the absence of discrimination in the solicitation and selection of M/W/DSBEs, the percentage of MBE, WBE and DSBE participation that is reasonably attainable through the exercise of Best and Good Faith Efforts. These percentages relate to the good faith estimated cost of the entire Project. In order to maximize opportunities for as many businesses as possible, a firm that is certified in two or more categories (e.g., MBE and WBE and DSBE or WBE and DSBE) will only be credited toward one participation range as either an MBE or WBE or DSBE. The ranges are based upon an analysis of factors such as the size and scope of the improvements and the availability of MBEs, WBEs, DSBEs and DBEs to participate in this development.

The following contract goals have been set for the Project:

<b>Contracts</b>	<b>Minority Owned</b>	<b>Female Owned</b>	<b>DsBEs</b>	<b>Total</b>
<b>Professional Services</b>	15-20%	10-15%	BGFE	25-35%
<b>Construction</b>	25-30%	5-10%	BGFE	30-40%

The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

The owner agrees to meet the obligations of the First Source agreement for this project.

#### B. Employment Goals.

The following Construction contract goals have been set for the Project:

<b>Local Residents</b>
35%

The owner agrees to exhaust Best and Good Faith Efforts to employ minority persons and females in its workforce of apprentices and journeymen at the following levels<sup>3</sup>:

- Minority Apprentices - 50% of all hours worked by all apprentices.
- Minority Journeymen - 32% of all journey hours worked across all trades.
- Female Apprentices - 7% of all hours worked by all apprentices.
- Female Journeypersons – 2% of all hours worked across all trades.

#### IV. Equity Ownership

“Economic Opportunity Plans,” to require that each Economic Opportunity Plan include information concerning the Equity Ownership (as defined) of (1) the contractor, developer and/or recipient of financial assistance required to submit the Plan; (2) participants (as defined) engaged by the contractor, developer and/or recipient of financial assistance; and (3) the eventual owner or owners of the project or contract to which the Plan relates; and requiring periodic reports for the purpose of updating Equity Ownership information; all under certain terms and conditions.

Identify the current equity owners of the project.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

\* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

If the project is privately owned, the following individuals will become the anticipated Equity Owners upon completion.

Type of Ownership	% Minority Owned	% Women-Owned	% Disabled Persons
Sole Proprietorship			
Partnership			
Corporation	*	*	*

\* PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

Following the completion of the project, the project owner is responsible for meeting the reporting guideline identified in the Philadelphia Code.<sup>4</sup>

<sup>3</sup> These goals, which have been adopted by the Economic Opportunity Cabinet, are the recommendations of the Mayor's Commission on Construction Industry Diversity.

<sup>4</sup> Philadelphia Code 17-1603.

## V. Diversity Practices

In compliance with Chapter 17-1603 entitled Equal Opportunity Plan: Contents of The Economic Opportunity Plan shall contain a statement from the contractor, developer and/or recipient of financial assistance summarizing past practices by identifying and describing examples of processes used to develop diversity at any/all levels of its organization including, but not limited to, Board and managerial positions. This statement shall also summarize strategic business plans specific to current or past practices of M/W/DSBE utilization on government and non-government projects and procurement. Where appropriate, such a statement should contain:

1. Describe employment and recruitment policies used to achieve diversity in your workforce.

The Company is committed to equal employment opportunity and to attracting and retaining the most qualified employees, regardless of race, color, national origin, ancestry, citizenship, religion, creed, sex, sexual orientation, marital status, familial status, domestic partnership status, age, physical or mental disability, military status, veteran status, genetic information or family medical history, or other characteristic or activity protected by federal, state, or local law ("Protected Status").

2. Provide the race, gender, and residential (local) status of your:

A. Directors	14% are Women 43% reside in Philadelphia
B. Management	7% are African American 33% are Women 24% reside in Philadelphia
C. General Workforce	18% are African American 9% are Hispanic or Latino 4% are Asian or Pacific Islander 61% are Women 43% reside in Philadelphia

3. Identify your organization's methods of solicitation and utilization of Minority, Woman and Disabled Businesses (M/W/DSBEs). Please be specific in describing outreach and any procurement policies that are focused on creating or sustaining business relationships with M/W/DSBEs.

As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

4. What percentage of your company's total spend with vendors and suppliers is attributable to M/W/DSBEs? Please include a list of the largest M/W/DSBEs used by your organization in the last 12 months.

A. Identify the type of goods or services purchased.	n/a
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B. Amount of the contract.	n/a
C. Indicate if any of these M/W/DSBEs are listed in the City of Philadelphia's Office of Economic Opportunity Registry.	n/a
D. Are these companies certified as M/W/DSBEs? Do you rely on any particular certifying agency?	n/a
E. If there is no previous M/W/DSBE utilization, the Plan shall contain a statement that explains the reason for the lack of M/W/DSBE participation in past contract(s) or project(s).	As it relates to Philadelphia activity at the subject property, the asset is entering a construction project phase.

5. Describe any initiatives made by your organization to increase investment and promote equity ownership by minorities and women.

PREIT and Macerich are publicly traded and operate under rules & regulations of the SEC. Anyone is able to buy or sell stock.

**VI. Responsiveness**

A. The owner shall identify M/W/DSBE commitments and other agreements evidencing their intent to use Best and Good Faith efforts to employ minority persons and females at the levels stated herein on the form entitled "M/W/DSBE Participation and Workforce Commitments." The identified commitments on this form constitute a representation that the M/W/DSBE is capable of providing commercially useful goods or services relevant to the commitments and that the Owner has entered into legally binding commitments or other legally binding agreements with the listed M/W/DSBEs for the work or supply effort described and the dollar/percentage amounts set forth on the form. In calculating the percentage of M/W/DSBE participation, the standard mathematical rules apply in rounding off numbers. In the event of inconsistency between the dollar and percentage amounts listed on the form, the percentage will govern.

B. M/W/DSBE commitments are to be memorialized in a written subcontract agreement. Letters of intent, quotations, contracts, subcontracts and any other documents evidencing commitments with M/W/DSBEs, including the M/W/DSBE Participation and Workforce Commitments Form, become part of and an exhibit to the Agreement resulting from the RFP.

C. OEO will review the owner's commitments for the purpose of determining whether Best and Good Faith Efforts have been made. OEO reserves the right to request further documentation and/or clarifying information at any time during the construction and development of the Project.

## **VII. Compliance and Monitoring of Best and Good Faith Efforts.**

A. The owner agrees to cooperate with OEO in its compliance monitoring efforts, and to submit, upon the request of OEO, documentation relative to its implementation of the Plan, including the items described below:

- Copies of signed contracts and purchase orders with M/W/DSBE subcontractors
- Evidence of payments (cancelled checks, invoices, etc.) to subcontractors and suppliers to verify participation; and
- Telephone logs and correspondence relating to M/W/DSBE commitments.
- To the extent required by law, the Owner shall ensure that its on-site contractors maintain certified payrolls which include a breakout of hours worked by minority and female apprentices and journeypersons. These documents are subject to inspection by OEO.

### **B. Prompt Payment of M/W/DSBEs.**

The owner agrees and shall cause its contractors to ensure that M/W/DSBEs participating on the Project receive prompt payment for their work or supply effort within five (5) days after receipt of payment from the project owner.

### **C. Oversight Committee.**

For this Project, in the sole discretion of the City, an oversight committee may be established consisting of representatives from [the Owner], representatives of the building trades, the construction manager, the City which may include the Project site's district councilperson, OEO, and appropriate community organizations ("Committee"). The Committee will meet regularly to provide advice for the purpose of facilitating compliance with the Plan.

### **D. Reporting.**

The owner agrees to file an annual report with the City of Philadelphia and City Council concerning the performance of the Economic Opportunity Plan through the duration of the Project. In addition, during construction, the Owner will provide "snapshot" reports containing updates for certain categories of information contained in its annual report on a monthly basis during construction. Snapshot reporting will include: (i) utilization of M/W/DSBEs and/or DBEs, and (ii) the hiring and employment of minorities and females. All reports (quarterly & annually) provided to the City under this section will also be provided to the Office of Economic Opportunity.

## **VIII. Remedies and Penalties for Non-Compliance.**

A. The owner agrees that its compliance with the requirements of this Plan is material to the Agreement. Failure to comply with the Plan may constitute a substantial breach of the Agreement and is subject to the remedies and penalties contained therein or otherwise available

at law or in equity. Notwithstanding the foregoing, no privity of contract exists between the City and any M/W/DSBE identified in any contract resulting from implementation of the Plan. Neither the Owner nor the City intends to give or confer upon any such M/W/DSBE any legal rights or remedies in connection with subcontracted services under any law or policy or by any reason of any contract resulting from implementation of the Plan except such rights or remedies that the M/W/DSBE may seek as a private cause of action under any legally binding contract to which it may be a party.

## **IX. Post-Construction Opportunities**

PREIT, through a combination of reduced rent, tenant improvements, and professional services will support the following initiatives:

### Home Grown Retail Development Pilot

PREIT will develop a public solicitation for proposals from independently owned Philadelphia retailers interested in leasing space within the Project. PREIT's specialty leasing group will lead this initiative. Space considerations could include kiosks, carts, and fixed interior locations. The categories of desired retailers will be determined as PREIT nears completion of its merchandising and leasing plan. PREIT will encourage applicants who have demonstrated successful management of smaller scale retail operations to apply for consideration.

Selected retailers will participate in a professional development program. Under this pilot program, PREIT will provide the following professional mentoring services:

- Basic operations financial modeling, including capital needs and operations budget
- Introductory marketing plan
- Product placement and point of sale advice
- Employee management seminar
- Periodic review of expansion plans, when appropriate

PREIT will provide kiosk owners operating in the Gallery during 2014 a right of first offer to relocate back into the Gallery once the reconstruction has been completed and will provide these kiosk owners with the professional mentoring and technical assistance services of PREIT's Home Grown Retail Development Pilot.

### Food and Beverage Minority Entrepreneur Initiative

The new merchandising plan for the Project features venues for specialty prepared foods in an expanded floor plate concept. PREIT will identify food concepts which complement the broader merchandising plan and select targeted concepts for placement. PREIT will reserve specialty food space for placement of Philadelphia minority food vendors drawn from the following pool of candidates:

- The Center for Culinary Enterprises at the Enterprise Center
- The Philadelphia branch of The Network for Teaching Entrepreneurship
- Other local neighborhood retailer associations identified by the Office of Economic Opportunity

Retail Employment - Local Residents

PREIT completed a survey of the Gallery tenants to determine the residency of employees. The survey revealed that 483 of the 737 (65.5%) of employees reside in Philadelphia. The current tenants conducted their own employee recruitment and hiring. PREIT expects that future tenants will continue that practice. PREIT will notify current and prospective tenants that PREIT and the City share the goal of promoting the hiring of Philadelphia residents at the Gallery and will utilize the Philadelphia Workforce Development Agency to identify potential local employee pools.

Retail Employment - Youth

PREIT, in cooperation with its tenants, will develop a youth employment recruitment program that will provide Philadelphia area high school students with part-time and full-time positions at the Gallery. PREIT will coordinate through the proper agency to accomplish programs for Hotel, Restaurant, Travel, and Tourism and Business and Technology to expand the curriculum to include retail support training to ensure an adequate candidate pool. A publicized Job Fair will also be scheduled in coordination with the construction phasing. Finally, PREIT will encourage tenants to hire successful high school graduates in a full time capacity.

PREIT has set a goal of 25-30%M/W/DSBE for the Home Grown Retail program. The project owner will use good and best faith efforts to provide meaningful opportunities to enterprises owned and controlled by a United States veteran.

*Christopher Mrozinski*

*6.1.15*

Christopher Mrozinski<sup>5</sup>  
 Vice President of Development  
 PREIT Services LLC on behalf of Owner  
 Pennsylvania Real Estate Investment Trust - PREIT

Date

*Angela Dowd-Burton*

*6/1/2015*

Angela Dowd-Burton<sup>6</sup>  
 Executive Director  
 City of Philadelphia

Date

<sup>5</sup> The Owner's Representative is required to sign and date, but the City reserves the right to obtain the Owner's Representative signature thereon at any time prior to Plan certification. The Owner Representative will receive from the City a certified copy of its Plan which should be filed with the Chief Clerk of City Council within fifteen (15) days of the issuance and published by OEO, in a downloadable format, on the OEO website.

<sup>6</sup> Pursuant to Section 17-1603 (2) of The Philadelphia Code, the representative of the City of Philadelphia's Office of Economic Opportunity, the "certifying agency", certifies that the contents of this Plan are in compliance with Chapter 17-1600.